



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 9/3/2002

GAIN Report #TW2031

Taiwan

Grain and Feed

Wheat & Corn Import Update

2002

Approved by:

Jonathan P. Gressel

American Institute in Taiwan

Prepared by:

Chiou Mey Perng/Eric Trachtenberg

Report Highlights:

Despite forecast increases in world wheat and corn prices, Taiwan's import demand for these products is not expected to fall from earlier forecast levels. The wheat import forecast for 2002/03 is one million metric tons, while for corn it is 4.8 million metric tons.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Taiwan [TW1], TW

Summary

Taiwan's demand for wheat and corn is almost completely supplied by imports. Given this dependence and the disproportionate effect of other factors on demand, it is unlikely that Taiwan wheat and corn imports will change significantly because of increasing world prices. Following past practice, virtually all Taiwan importers are members of purchasing groups which import commodities jointly. As a result, individual importers pay almost identical prices which will allow them to remain profitable even when grain prices increase.

Post has revised the Corn PS&D to reflect current estimates. The Wheat PS&D is unchanged from TW2018.

Wheat Import Update

According to Taiwan Customs data, Taiwan imported 656 tmt of wheat from January to July 2002. This was a 10 tmt or 2 percent increase from the corresponding period in 2001. Rising prices in 2002 will likely slow imports, leaving the total year at the previously forecast level of 1 million metric tons. According to the Taiwan Flour Millers' Association (TFMA), Taiwan imported 790 tmt of wheat from January 1 to August 30, a pace expected to continue through 2003. Price increases are likely to be passed to consumers though higher flour prices. Demand is thought to be inelastic at current prices, which should minimize any fall in consumption. Rapid price rises are not likely because of intense competition amongst the 30 flour millers. As a result, Taiwan flour prices are anticipated to only gradually reflect increases in the wheat import price. Industry sources expect a 10 percent increase in flour prices over the next several months. From January to July 2002, the United States had a 92 percent share of the imports, Australia 5 percent, and Canada 2 percent.

Corn Import Update

According to Taiwan Customs data, Taiwan imported 4,196 tmt of corn from October 2001 to July 2002, strongly supporting imports reaching 4.9 to 5.0 mmt in 2001/02. The slight decrease from earlier years is in line with a decline in meat production resulting from Taiwan's adjustment to a new post-WTO trading regime that liberalized meat imports. COA data reveal a 3 percent fall in the standing hog population from 7.16 million head in November 2001 to 6.92 million by May 2002. This cut in herd size was already taken into account in previous reporting on corn imports (see TW2018). Despite rising corn prices, imports are forecast at the previous Post estimate of 4.9 mmt for 2001/02 and 4.8 mmt for 2002/03 because of steady demand for pork and strict limits on chicken meat imports in 2002-4. Market conditions and limited meat imports make it likely that feed price increases will get passed to consumers. Corn imports will likely hold steady unless prices for feed barley or sorghum fall below corn by \$5 or more. Only if this occurs would there be some feed barley and sorghum substitution for corn. The feed milling sector is competitive. With more than 60 feed mills in Taiwan, it is likely that feed prices will only gradually adjust to increased corn prices. As a result, Taiwan corn imports will continue to be primarily affected by changes in meat import policy or demand for local meat products. Taiwan's corn demand is 99 percent supplied by imports.

PS&D for Corn: 2000-2003

PSD Table						
Country	Taiwan					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	14	15	12	15	12	12
Beginning Stocks	1475	1455	1458	1421	1361	1436
Production	59	65	53	65	50	50
TOTAL Mkt. Yr. Imports	4924	5100	4700	5000	4300	4900
Oct-Sep Imports	4924	5100	4700	4900	4300	4800
Oct-Sep Import U.S.	4894	4845	0	4800	0	4600
TOTAL SUPPLY	6458	6620	6211	6486	5711	6386
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	4800	4949	4650	4800	4450	4750
TOTAL Dom. Consumption	5000	5199	4850	5050	4650	5000
Ending Stocks	1458	1421	1361	1436	1061	1386
TOTAL DISTRIBUTION	6458	6620	6211	6486	5711	6386